

INTERSTATE COMMERCE.

SPEECH

OF

HON. J. D. CAMERON,
OF PENNSYLVANIA,

DELIVERED IN THE

UNITED STATES SENATE,

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S P E E C H
OF
HON. J. D. CAMERON.

INTERSTATE COMMERCE.

Mr. CAMERON, of Pennsylvania, asked, and by unanimous consent obtained, leave to introduce a joint resolution (S. R. No. 97) providing for a commission to consider and report what legislation is needed for the better regulation of commerce among the States; which was read the first time by its title.

Mr. CAMERON, of Pennsylvania. I ask that the joint resolution be read at length at the desk.

The VICE-PRESIDENT. The resolution will be read at length.

The joint resolution was read the second time at length, as follows:

Resolved, &c., That a commission is hereby constituted, to consist of three Senators, to be appointed by the President of the Senate, and three members of the House of Representatives, to be appointed by the Speaker, and three commissioners, to be appointed by the President, who shall sit during the recess, and inquire generally into the conditions that will most favorably affect the transportation of the commerce among the States carried by land and water routes, securing thereby to the people the required facilities at the lowest charges with the greatest certainty and economy in time, and that will avoid and prevent any unjust discrimination, unnecessary burdens or impediments in its transportation, in order to ascertain whether these conditions can be secured by legislation by Congress, and, if so, in what particulars and by what measures, and report their recommendations to Congress at its next session; that said commission shall have power to send for persons and papers, to administer oaths, and examine witnesses; shall have power to appoint and employ one clerk and two stenographers, to be paid such usual compensation as shall be fixed by the Secretary of the Treasury, and each commissioner appointed by the President shall receive a compensation of ——— dollars per diem while engaged in the performance of his duties, and his actual reasonable expenses; and the sum necessary therefor is hereby appropriated out of any money in the Treasury not otherwise appropriated.

Mr. CAMERON, of Pennsylvania. Mr. President, late in the last Congress I introduced a joint resolution of a like character with this, which was referred to the Committee on Commerce, but owing to the want of time no action was taken upon it. The one which I now offer differs from the other in two respects: First, in extending the scope of the investigation by the commission; and, secondly, in the number constituting the commission and the method of their appointment.

The relation of the National Government to the interstate and internal commerce of this country is attracting a large share of the public attention. From the peculiarity of our dual form of government and the division of power between Congress and the States practical difficulties have arisen and will come to the surface in the control and management of many interests. Interests which for a time are local and clearly within the province of State management in time assume such proportions and affect the general interests of the country so thoroughly that they in fact lose the characteristic of local and become of national interest.

This is true of our internal commerce and of its transportation. For many years such commerce was confined mainly to the States in which it had origin, but the internal commerce of this nation has increased to such enormous proportions, estimated in value at over \$53,000,000,000 annually, and in its transportation it is carried through so many States, that all characteristics of locality are lost, and what is purely State or local commerce is fast losing its proportion to that of the interstate commerce. A very small proportion of the products of the soil, of the forest, of the mines, of manufactures is consumed in the States that produce them. The grains, meats, tobacco, &c., of the great West go eastward and to foreign countries for consumption. The cotton, rice, tobacco, and sugar from the South supply largely the world's demand for these productions. The lumber of the West and South is carried to all parts of the country. The anthracite and bituminous coals of Pennsylvania are consumed all the way West and beyond Omaha, and they go to the South and East, and are finding their way to foreign countries. The iron ores of Michigan, of Missouri, of Virginia and New York find customers in other States. The iron and steel of Pennsylvania is used in all parts of the country.

The manufactures of the East, of the South, of the Middle States, and of the West are interchanged throughout all parts of the country. So that this internal commerce must be looked upon as national. It deserves and properly demands that its interest shall be thoroughly understood and properly encouraged and protected by the National Government.

The laws regarding commerce that now exist on your statute-books are of necessity the product of growth; they must be adapted from time to time to the changing condition, wants, and necessities of such commerce. Congress at an early date in our history as a Government, when conveyance by water was the principal means by which the then existing commerce could be transported, legislated to meet the wants of the people, at that time scattered as they were along our sea-coast, on the banks of the rivers of our eastern coast, and to some extent on the great rivers of the West, and on the northern lakes, and we have laws regulating the coastwise and lake service, protecting navigation on our rivers, and large outlays of money have been made by every Congress to improve the harbors and secure to the people the use of the rivers by removing impediments to and obstacles in the way of their safe navigation.

Further than this, Congress at an early date recognized its duty to the people in building a great thoroughfare in the national road to furnish facilities to the people for the transportation of their productions between the East and the then West, and to open access to the cheap lands beyond the Alleghanies. The extension of this system of roads was stopped by the introduction of the railroad.

It is acknowledged to be one of the first duties of all governments to provide such ways both by land and water and to regulate their use. When the power to improve water-courses, to build canals and railways, is delegated by the Government to another party, that party becomes in fact but the agent of the Government in the performance of a high duty, and for such purposes the sovereign power of eminent domain is given to them. The situation in this country is peculiar. It was but natural that the framers of our Constitution should have recognized the duty of the Government they were about to establish in this respect, and therefore they fully provided in that instrument all the powers necessary for Congress to absolutely control—and this

in entire independence of the States—the coastwise and lake service and the navigation of the rivers, because they were the natural ways, and the only ways at that time that were thought practicable for the transportation of the commerce of the nation, both internal and foreign. The possibilities of the canal and the railway were at that time unknown.

But the fortunate use by the framers of our national Constitution of the broad and general language in which they conferred upon Congress power to regulate commerce among the States—a power which when it exercises becomes by that fact exclusive—has brought within its scope not only the instrumentalities of commercial intercourse then known, but all which the necessities and genius of the race should for all time to come invent and develop; and thus the railway and the canal, as highways of interstate intercourse, have come to be as legitimately within the commercial power of the National Government as the rivers, the lakes, and the seas.

But, as you are aware, the system of transportation by canal and railway came into use at a later date. Congress could not comprehend their possibilities or influence over the traffic of the country, nor how rapidly the railway would develop its usefulness. The building of railways and canals was thus left to the States. The gradually opening West with the promise of its fertility and the inducements to emigrants to settle there produced the canals between the States of New York, Pennsylvania, and Maryland which led those States to construct, or aid in the construction of, the canals to connect their chief cities on the Atlantic coast with the western lakes and rivers, that the promised prize of trade with the West that was to be might be secured to such cities.

When the railway was first introduced into this country, about a half a century ago, its profitable use was thought to be limited to the largest centers of population and traffic. The ability of the railway to attract population and create traffic and wealth in a new and partially developed country was not understood; nor was their future ability to successfully compete in cost of transportation with the sea-coast or lake service or transportation by river or canal thought to be in the range of the possible. The railway was regarded as the luxury of a settled country, and it was many years before their bene-

ficial influence on new countries was understood. Such being the case, they could not be considered as of national interest, any more than any great local improvement is a benefit to the whole country. It was then but natural that the railway should become the subject of State legislation and State control. The railways for many years were thus local in their influence and operations, and no one could foresee how near the future was when they would more thoroughly bind the country together than the rivers or the lakes or the extended sea-coast; nor how thoroughly dependent the nation would be on their use for its development, for the happiness, the prosperity of the people, for the transportation of their surplus productions, for the articles of their consumption, for their comforts, their necessities, and for their luxuries.

The Senate will thus note the anomaly presented: that while to Congress is assigned the exclusive control of the transportation of the commerce of the nation by the sea-coast, by lake, by river, and its duty to provide all necessary safeguards to protect and facilitate the movement of such commerce, on the basis of a national duty, which in principle should cover all means by which such commerce is transported, yet to the States was left the necessity of providing and controlling the canal and the railway, the latter of which, the railway, has become the controlling avenue on which the people of this country mainly depend for the transportation of their persons and property—a responsibility which the General Government should have assumed in place of the States, if the framers of the Constitution could have looked but a little more than three-quarters of a century into the future.

The rapid growth and development of the railway system in this country is familiar to every Senator. I need not trouble you with the statistics showing the number of miles of railway now built, the tonnage carried, the character and value of this tonnage, the number of persons carried, the capital cost represented by the railways built, the decreased charges and cost of transportation due to increased facilities, increased traffic, enlarged experience, &c., nor detail the miles of railway built in the different States and their peculiar traffic, nor attempt to describe the different lines or combinations of roads which reach and extend themselves all over the country. But I would rather

call your attention to this subject more generally. The railways of this country are rapidly losing all traces of their local character by connections. The railways of every State reach the borders of adjoining States, where they again come into connection with the systems of those States, and thus the railways of all the States in this country become connected and form in place of separate State systems a grand national system.

This great national system is being rapidly extended to every center of population, is being pushed through every part of our wide domain, thereby uniting the North and the South, and the eastern coast with the western. By this power of penetration the railway becomes infinitely more valuable to the nation than the long sea-coast, either on the Atlantic or the Pacific, or the great rivers and lakes.

To those who have watched the growth and development of the railways in this country, it is not strange that the larger corporations have absorbed other roads within their States, nor that they have acquired control of, or influence over, railways in other States. As there are great commercial centers in this country, the connection of these centers by lines of railway, under one influence, was the natural result. Such control, when wisely exercised, has been for the public benefit. It has enabled the influential corporations in such lines to improve the condition and increase the facilities of roads that would otherwise have been unable to make improvements in their physical and financial condition, or furnish such facilities as were needed by the people. It has given homogeneity to the management, and the result has been less cost for management, greater ability to perform the highest service, and greatly lessened the cost of transportation, and, as a consequence, the rates charged the public for the services performed have been very much decreased.

It has been largely due to such facilities thus acquired by such control and influence that the population of the great West has been so rapidly increased; that Territories have been made into States, and that the surplus productions of the West have been carried to the great markets at prices which paid the prodner, encouraged the building up of the new States in population, and thereby created wealth, and which has added so largely to the development and wealth of the nation. It has been through the railways, and largely due to this

formation of great lines of railways extending from the Atlantic sea-ports to the western centers of trade, that our country was enabled during the last three years to export its immense surplus productions and by low prices take the markets of the Old World.

Who can properly measure the influence such great combined lines of railway have had in enabling the people of this country to reduce their indebtedness at home and in foreign countries; to encourage the employment of labor in all its various branches? Of what immense advantage have these lines of railway been to the General Government in enabling it to carry out successfully the plan of resumption of specie payments and in paying off and refunding its indebtedness at a lower rate of interest. In all the elements of our present prosperity the force of the influence of these great combined railway lines has been a most important factor. I have no hesitation in asserting broadly that the present status of the country, its credit, its financial position, and its prosperity has been largely due to the facilities secured to the country by the great combined lines of railway between the East and the producers of the West, South, and Southwest. And further, I have but noted the influence of the railways now built. If they have had such marked influence on the prosperity of the country in the past, what must be the influence in the future of lines yet to be constructed?

It is true there are now over eighty thousand miles of railway in this country; but to furnish the facilities the country will require for its further development this number should be duplicated. Every year must increase the number of miles, and thus every year the problem of the relation of their management to the interests of the country becomes more intricate and more difficult of solution.

It is not strange that when the railway systems of the States suddenly, as it were, found that by their union with the systems of adjoining States they became an integral part of the system of the whole country, the advantages of such combination and formation of great lines become patent; nor is it strange that large and often increasing outlays of money were made for the purpose of constructing connecting and branch roads thought to be necessary to complete the influence of such lines; nor is it strange that when these lines between the east and western centers were perfected that rivalries should

have arisen between them. There had been a sudden awakening to a knowledge of their power and their possibilities, and before the representatives of the lines could fully understand their new position, or appreciate their responsibilities they were involved in a serious contest, which continued for some years, for traffic at prices irrespective of any proper governing principle. Such a contest between such powers—for powers they were—was, of course, demoralizing to trade and destructive of values in all railway property.

To put a stop to a course thus destructive, one that was doing the country no good and that was rapidly affecting the credit of the railway companies, as well as doing great injury to the great numbers of people of all grades and conditions in society who had invested in the shares and securities of these companies, the hard earnings which constituted their dependence for their comforts and living—I say that, to put a stop to such destructive rivalry, many of these companies agreed with each other that war should cease, that they would fix reasonable rates and provide for such a division of the traffic between them as the laws of business would indicate to be their proper proportion. Such agreements are now in operation in different parts of the States.

The demoralization of rates alluded to naturally affected all business unfavorably. The people felt there was something wrong and that injustice was done them. On the other hand they feared that through the agreements between the roads they would be charged unfair prices, and that the healthful benefits of competition would be denied them. From the unfortunate condition of war between the roads and from their recent agreements have arisen many grave charges against the management of railways. Appeals to rectify the evils, as charged, have been made to State Legislatures, and Congress has been asked to interfere for the protection of the interests of the people.

It is believed that the power of railway managers to disturb the proper currents of business and importance of localities, by their ability to fix their own rates, should be curtailed or placed within proper limits, and in this belief I fully concur. Charges have been made that the railway companies have discriminated against the interests of the citizens of the States from which their charters have been ob-

tained, in favor of the citizens of other States, and counter-charges, or protests, have been made from the other side that States have, or should have, no right to interfere with the natural workings of transportation, by imposing regulations of any kind that would prevent the people of other States receiving the advantages of their position as centers of traffic and of competition, and that, so far, it is against the constitutional principle of free trade between the States and across the States.

Charges have been made that the railway companies have given preference by various means to certain shippers in rates, facilities, &c. Charges have been made that the tendency to consolidate railway companies and the formation of great lines under one influence is dangerous to the interests of the people. Many fear that in the near future the great majority of the lines of railway in this country will be under the control of speculators whose only interest will be the immediate profit they may realize. It is strongly urged that owing to the defective laws in many of the States the rights of share and loan holders are not properly protected, that railways no longer furnish a safe medium for investors, and that the tendency of the management of the whole system, as it now has existence under State governments, is not for the interests of the people of the country; that from the uncertainty that prevails this will be more so in the future as to the safety of investments in railway companies; that the facilities required by the country for its development will not be provided; that the rates for transportation of persons and property will be much higher than they would be under proper regulations.

I might have named many of these charges that have been freely made and strongly believed in that the country is not receiving and will not in the future receive all the benefits it is fairly entitled to from the present management of the railway system by the States. I do not propose to express any opinion about the justice of any of these statements or charges. But there is enough in them to warrant the Congress of the United States in having the whole subject thoroughly examined.

But as connected with the evils of railway management much of it is affected by the transportation by sea, by canal, by lake, and by river. They are an essential element in the rivalry and in fixing

prices, so that no examination can be complete or satisfactory unless it embraces the whole question of the transportation of the internal or interstate commerce of the nation.

Bearing in mind all these considerations I have suggested, the importance of an early investigation into the whole subject is evident. If any legislation be had it is important that such laws should be put into operation as soon as practicable. I need not say more to impress on the minds of Senators the importance of the railway system and other transportation of this country, nor the wisdom of their taking, at this time, into serious consideration the relation which all the great avenues by which all the internal commerce of this country is carried, bear to the public interests, in order that the Senate may ascertain what, if any, legislation is required to secure to the people of the country the greatest possible benefits in the use of these avenues of transportation.

I have endeavored to trace the growth of these systems of transportation, more particularly of the railways, the steps by which it emerged from being dependent upon local support to carrying the bulk of the products of the nation; the difficulties that naturally grew out of this new status which it now occupies; the attempted cure for any evils that arose from the rivalries of the main lines by an agreement among the lines. I have enumerated the major part of the charges that have been made against the management of the railways in their relation to the public.

You have thus before you a condensed statement of a very important question. The problem to solve is a very difficult one. It will not do, as has been attempted, to legislate on one or more grievances. The question must be treated broadly, with a full understanding of all the facts in the case.

A commission as proposed in the resolution will have before them the anomalous fact of the Congress of the United States controlling the navigation of the sea-coast, of the rivers, of the railways in the Territories and the unoccupied public lands, and of the lakes; and the States the railways and the canals within the States; the great internal commerce of the country being thus subject to the control of Congress on the one hand and of thirty-eight States on the other. They will have to examine what relation these highways of trans-

portation should sustain to the General Government to produce the best results to the country at large, and whether, under our mixed form of government, such proper relation is practicable by legislation.

They will have to examine into the operations of the whole subject of the transportation of the internal commerce of the nation by the present avenues, and ascertain what evils exist, what unnecessary burdens are placed on such commerce, and what legislation will cure such evils and relieve the people of such burdens. It will be for them to take into consideration what legislation, if any, will harmonize the interests of the States and those of the General Government in the railways and canals; what legislation, if any, will give greater confidence to capitalists in their securities, will more fully protect the rights of shareholders in their property, and of the people in the use of the railways and canals, lakes, rivers, and sea-coast service.

It is not a question for present discussion what laws should be passed, but rather to obtain the facts and secure a report from a competent commission charged with an examination of these important questions, which will cover in what particulars and by what measures, if any, such result as contemplated in the resolution can be secured, and their recommendations in the premises.

As I said before, these questions are discussed by the people, the press, and the Legislatures, and it is proper that if by legislation good can be accomplished, Congress should have the benefit of the recommendations of a commission consisting, as provided in the resolution, of three Senators, three members of the House of Representatives, and three gentlemen appointed from the mass of the people, appointed by the President, who would bring the benefit of large practical experience and observation on these questions.

If such a commission are unable to devise legislation that would work for good the country should know it, and then the people and the Legislatures of the States will then endeavor to devise means to reach a solution as fair as may be.

I cannot say that I have much expectation of any favorable solution; and I say this with some practical knowledge of the difficulties in the way. And, further, I am satisfied no one has yet given sufficient attention to the whole question to enable them to devise a comprehensive answer to the questions involved in the resolution. The

commission is, therefore, the first step in any practical result, and therefore this resolution is submitted to your favorable judgment.

I move that the joint resolution be referred to the Committee on Commerce.

The motion was agreed to.

